

Message Text

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ACTION IO-13

INFO OCT-01 EUR-25 EA-11 ADP-00 IOE-00 SCI-06 HEW-08 AID-20

CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SS-15 USIA-12 RSR-01 /151 W

----- 106855

O P 041415 Z MAY 73

FM AMEMBASSY OSLO

TO AMEMBASSY REYKJAVIK IMMEDIATE

SECSTATE WASHDC PRIORITY 6606

INFO AMEMBASSY COPENHAGEN

USMISSION GENEVA PRIORITY

AMEMBASSY HELSINKI

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION USUN NEW YORK PRIORITY

C O N F I D E N T I A L OSLO 1696

E. O. 11652: GDS

TAGS: WHO KN KS NO

SUBJECT: 26 TH WHA: NORTH KOREAN APPLICATION FOR WHO
MEMBERSHIP

REF: STATE 82449

1. NORWAY HAS DECIDED TO ABSTAIN ON THE POSTPONEMENT
RESOLUTION. UNDERSECY SVENNEVIG, TO WHOM WE MADE THE
APPROACH REQUESTED IN REFTEL ON MAY 4, TOLD US THE NOR-
WEGIAN DECISION WAS BASED ON THE CONFLICTING CONSIDERA-
TIONS OF NORDIC SOLIDARITY VS. APPRECIATION OF THE VIEWS
OF THE US AND OTHER FRIENDS WHO SUPPORT THE SOUTH KOREAN
POSITION. HE THOUGHT THAT ALL FOUR OF THE OTHER NORDICS
WILL HAVE RECOGNIZED PYONGYANG BY THE TIME OF THE VOTE
AND WILL THEREFORE VOTE FOR ADMISSION. AS NORWAY WILL NOT
HAVE EXTENDED RECOGNITION IT DOES NOT FEEL COMPELLED TO
GO ALONG-- BUT AT THE SAME TIME ITS AGREEMENT IN PRINCIPLE
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TO RECOGNIZE NORTH KOREA MILITATES AGAINST A VOTE FOR POSTPONEMENT.

2. FOR REYKJAVIK: SOUTH KOREAN CHARGE OH, WHO HAS JUST BEEN GIVEN THE SAME INFO BY THE FOREIGN MINISTRY, TELLS US SOUTH KOREA HAS NO DIRECT MEANS OF COMMUNICATIONS WITH THE ICELANDIC GOVT, SINCE ITS STOCKHOLM AMB, WHO WAS ACCREDITED TO ICELAND, HAS LEFT. HE ASKS WHETHER YOU WOULD BE WIL CONSULT GMBH, ERNST- REUTER - PLATZ 10, WEST BERLIN, WHICH CURRENTLY CONSTRUCTING ANOTHER MEAT PLANT IN POLAND, AND (B) UNNAMED SWEDISH FIRM. WITHIN PAST TWO MONTHS, EPSTEIN HAS REVISED BOD TO INCLUDE DANISH EQUIPMENT SUPPLIER (NUTRIDAN) IN EFFORT TO REDUCE PRICE AND INCREASE METRIC EQUIPMENT CONTENT. WE UNDERSTAND EPSTEIN' S PRICE AT PRESENT IS APPROX. \$65 MILLION, OF WHICH \$50 MILLION WOULD BE EXPORTS OF U. S. GOODS AND SERVICES. SHARE OF DANISH PARTNER IS APPROX. \$2 MILLION OF REMAINING AMOUNT.

3. PRESIDENT OF EPSTEIN INTERNATIONAL (CHAIM ALTBACH) INFORMED US APRIL 28 THAT HE HAD JUST LEARNED THAT BERLIN- CONSULT HAD OFFERED NEW BID WITH INTEREST RATE " FIXED" AT 6 AND ONE/ HALF PERCENT OVER LONG- TERM REPAYMENT SCHEDULE. HE ASSERTED THAT BERLIN- CONSULT ONLY ABLE TO DO SO BECAUSE OF FRG GOVERNMENT SUPPORT AND THAT WEST BERLIN SENAT OWNS ONE- HALF OF BERLIN- CONSULT. (LATTER POINT CONFIRMED BY LOCAL BERLIN- CONSULT REP.) SWEDISH BID REPORTEDLY OFFERS 7 PERCENT FIXED INTEREST RATE, BUT EPSTEIN DOES NOT BELIEVE SWEDES ARE SERIOUS CONTENDER. ALTBACH SAID IT WOULD BE ESSENTIAL IN ORDER FOR EPSTEIN BID TO COMPETE AGAINST NEW WEST GERMAN OFFER THAT EXIM BANK FIND SOME WAY TO FINANCE MORE THAN 45 PERCENT OF U. S. EXPORTS OF GOODS AND SERVICES FOR THIS PROJECT. COULD EXIM COVER AS MUCH AS 80 PERCENT AT FIXED 6 PERCENT RATE IN LIGHT OF GERMAN GOVERNMENT' S SUPPORT? IN RESPONSE, EMBASSY CONTACTED EXIM VICE PRESIDENT DIETZ IN VIENNA, WHO CONSULTED EXIM HEADQUARTERS AND ADVISED EMBASSY APRIL 30 THAT EXIM COULD NOT DEPART FROM STANDARD PRACTICE OF FINANCING 45 PERCENT OF TOTAL U. S. EXPORT PACKAGE.

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4. EXIM RESPONSE WAS PASSED BY EMBASSY TO ALTBACH WHO ADVISED THAT EPSTEIN CHAIRMAN (RAYMOND EPSTEIN) PROBABLY WAS ATTEMPTING TO CONTACT EXIM CHAIRMAN KEARNS FROM CHICAGO. ALTBACH REPORTED THEIR BID HAD FULL TECHNICAL APPROVAL FROM POLES, WAS LOWER IN PRICE THAN GERMAN BID, BUT WAS LESS ATTRACTIVE ON FINANCING. (CHICAGO FIRST NATIONAL BANK REPORTEDLY IS OFFERING ONE PERCENT OVER

PRIME ON ITS PORTION OF THE PACKAGE). HE
THOUGHT RESULT SEEMED SOMETHING OF STAND- OFF, AND THAT
POLES MIGHT GIVE BUSINESS TO WHICHEVER SOURCE THEY
WISHED TO FAVOR ON ECONOMIC AND/ OR POLITICAL GROUNDS.

5. EMBOFF ALSO IN CONTACT THIS WEEK WITH RESPONSIBLE
PROJECT OFFICER AT POLIMEX- CEKOP FOREIGN TRADE ENTER-
PRISE, WHO STRESSED ATTRACTIVENESS AND FLEXIBILITY OF
WEST GERMAN OFFER. HE SAID GERMAN FIRM HAD OFFERED TO
REIMBURSE POLISH SIDE FOR ANY PORTION OF INTEREST PAYMENT
PAID THROUGHOUT REPAYMENT PERIOD WHICH EXCEEDED 6 AND ONE HALF
PERCENT. HE ALSO EXPRESSED DISAPPOINTMENT THAT EXIM COULD NOT
INCREASE ITS SHARE BEYOND 45 PERCENT. HE INDICATED
AWARD OF CONTRACT WILL BE DECIDED " AT VERY HIGH LEVEL" OF
GOP WITHIN NEXT FEW DAYS.

6. IN FURTHER EFFORT TO BACK U. S. BID, THE AMBASSADOR
THIS WEEK REITERATED TO FOREIGN TRADE MINISTER
OLECHOWSKI OUR STRONG INTEREST IN THE OUTCOME OF THESE
NEGOTIATIONS.

7. EMBASSY WAS INFORMED MAY 4 BY DANISH COMMERCIAL
ATTACHE OF REPORT RECEIVED FROM EPSTEIN' S DANISH PARTNER
IN THIS PROJECT (NUTRIDAN) THAT IF IT CAN BE ESTABLISHED " OFFIC-
IALLY" THAT FRG GOVERNMENT IS SUPPORTING FINANCIAL TERMS
OFFERED BY BERLIN- CONSULT, EXIM WOULD CONSIDER IMPROVING
ITS TERMS SOMEWHAT. ALTHOUGH EMBASSY IS SKEPTICAL
OF VERACITY OF THIS REPORT IN VIEW OF RESPONSE REPORTED
IN PARA 3 ABOVE, WE DO NOT WISH TO OMIT ANY STEP WHICH
MIGHT POSSIBLY ASSIST U. S. COMPANY IN GAINING THIS SALE,
WHICH WE BELIEVE WOULD BE LARGEST CONTRACT EVER CONCLUDED
FOR EXPORT OF U. S. MACHINERY, GOODS AND SERVICES TO
POLAND.

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8. ACTION REQUESTED:
(A) FOR BERLIN: CAN MISSION PROVIDE ANY INFORMATION
ON DEGREE AND NATURE OF GOVERNMENT SUPPORT WHICH BERLIN- CONSULT
MAY BE R
E E E E E E E

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*** Current Classification *** CONFIDENTIAL

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Subject: 26 TH WHA: NORTH KOREAN APPLICATION FOR WHO MEMBERSHIP
TAGS: PFOR, KN, KS, NO, WHO
To: COPENHAGEN
GENEVA
HELSINKI
IO
REYKJAVIK
SECSTATE WASHDC
SEOUL

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